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April 1, 2009

Leslie Kirwan, Co-Chair, Special Commission on the Health Care Payment System
Secretary, Executive Office for Administration and Finance
State House, Room 373
Boston, MA 02133

Sarah Iselin, Co-Chair, Special Commission on the Health Care Payment System
Commissioner, Division of Health Care Finance and Policy
Two Boylston Street, 5th floor
Boston, MA 02116

Dear Secretary Kirwan and Commissioner Iselin:

Atrius Health, a not-for-profit 501(c)(3) tax exempt organization, is the largest independent alliance of community-based physician groups (Dedham Medical Associates, Granite Medical, Harvard Vanguard Medical Associates, South Shore Medical Center, and Southboro Medical Group) in Massachusetts providing comprehensive primary and specialty care to more than 650,000 patients at 30 office locations across the state. As an organization known for our history of managing costs and quality effectively through a system of coordinated care, we are supportive of the work being done by the Commission to address the cost of health care while advancing quality.

As the Commission begins to formulate its short term and long term plans, we would like to offer specific recommendations for your consideration in line with the draft principles. These recommendations are intended to establish the foundation for moving over time from the current largely fee-for-service system to a more bundled or global payment population-based system that operates more efficiently.

Recommendation 1:

The Commission should consider exempting from change at this time existing and new global payment payer contracts because these have already been designed to support high quality coordinated cost-effective health care. Studies have shown that global payment arrangements are associated with lower service use and cost as compared with fee for service.

- We recognize that a global payment system may not be possible across the market, but it should be encouraged for those physician groups who can effectively manage the risk.

- Global payments, coupled with quality and patient satisfaction measures, allow practices to build needed infrastructure to provide patient-centered, efficient, effective, equitable, timely and safe care. Atrius Health, with one of the highest percentages of global payment contracts in the state, consistently leads in quality as measured by MHQP.
- Our global payment contracts position us well to implement the concepts of the advanced medical home.

Recommendation 2:

Every plan should require that the patient selects his/her choice of a primary care physician (PCP).

- We believe that attribution of each patient to a primary care physician, coupled with patient choice, is a foundational step towards an integrated system of care.
- Even if referrals are not required to gain access to specialty care, a characteristic of PPO plans, a PCP can provide much-needed guidance to the patient for making appropriate choices and can lead the coordination of care for the patient. With such guidance and coordination, cost savings may be achieved by eliminating duplication of tests and contradictory services, by minimizing either overuse or misuse of services, and by increasing the probability that care will be provided in the right place for that patient's medical needs.
- Ensuring that each patient has a PCP is the first step towards effective population management and determining the resources which should be needed to care for a panel of patients. With an assigned PCP, it becomes possible to pay a health status adjusted coordination or management fee to a practice, based on the number of patients that PCP manages, to build infrastructure within the PCP's practice (e.g. EMR, health coach, nursing support for health education, electronic communication, e-visits) that will promote prevention and better management of chronic disease. This is an important step towards broad implementation of the advanced medical home concept, should that be a longer term objective.
- One of the concepts that the commission has studied is that of bundled payments for episodes of care. With an assigned PCP, bundled payments for episodes of care can be paid through the physician group within which the PCP practices, rather than through the hospital. This would ensure that incentives are provided to the PCP for maintaining an ongoing relationship with the patient and for providing the best possible care in the pre and post-hospital discharge period and beyond, reducing the likelihood of readmission. If payment for a bundled episode is made to the PCP, rather than to a hospital, the PCP can direct the patient to the place that provides the appropriate care with the most judicious use of resources.

Recommendation 3:

Plans should be required to cover adequately the costs associated with evidence-based or medically accepted standards for preventive care and management of chronic disease. This coverage should be provided with a minimum of co-payments, deductibles or restrictions to ensure that the correct incentives are in place for the patient to utilize these services.

- Examples of care to be covered would include periodic physical exams, testing for patients with diabetes such as A1C, LDL, dilated eye exam, microalbumin, reduction of risk factors for diabetic complications, and coverage for their generic medications, colonoscopies for people over age 50, mammograms, pap smears, and vaccinations, per suggested timing.

- The current variation in plans available in the market, including PPO's, self-insured plans and traditional Medicare, makes it difficult to ensure that preventive care and management of chronic disease can occur effectively for the patient, resulting in unnecessary emergency room visits and hospitalizations. This variation also makes the job of the primary care provider more difficult as he/she tries to provide a consistent level of care to patients.
- A physician committee, representing multiple specialties and provider organizations, should be established to synchronize across all plans the minimum acceptable standards for health maintenance and the minimum acceptable formulary for cost-effective medications for common chronic diseases.

Recommendation 4:

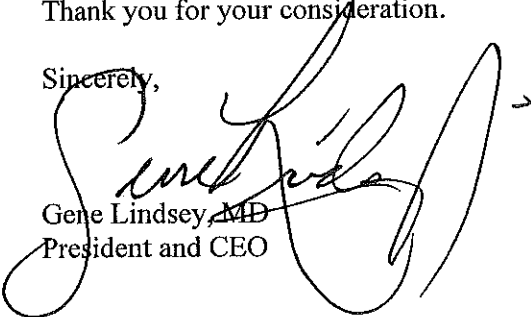
In order to reduce the overall cost of care, efforts should be focused on reducing irrational variation in price at different venues for non-emergent surgeries and procedures, including diagnostics. Patients with more complicated health status may require additional services that should be funded, but otherwise the payment for a given surgery or procedure should be the same, regardless of where it is performed.

- Atrius Health is prepared to accept the same payment as any other organization for those surgeries and procedures performed by our physicians or at our facilities.
- This recommendation could result in an immediate reduction in the cost of more common and most expensive surgeries and procedures.
- Over time, these efforts would allow for market forces to drive care to the right places for those procedures and surgeries to be performed.

It is important that the changes recommended by the Commission are phased in at a pace that providers and hospitals can manage. We believe that our recommendations lay a path to the best possible health care for the residents of MA while reducing health care costs in a way that allows us to sustain universal coverage.

Thank you for your consideration.

Sincerely,


Gene Lindsey, MD
President and CEO